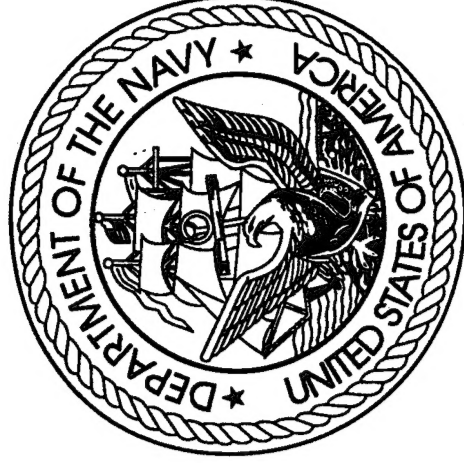
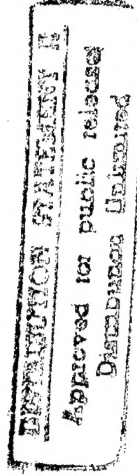


DEPARTMENT OF THE NAVY FY 1997 BUDGET ESTIMATES



JUSTIFICATION OF ESTIMATES MARCH 1996



READINESS JUSTIFICATION BOOK

19960516 082

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INTRODUCTION

In a September 27, 1993 Senate Appropriations Report, the Senate directed "the Department to submit, along with the other justification materials accompanying the Department's 1995 O&M budget request and for each year thereafter, a readiness J-book. Information provided in this report should include, as a minimum, indicators for each military service which describe historical trends in, the current status of, and future prospects for: achieving manpower fill rates in critical force units; sustaining manpower skill levels and training activities; meeting accession goals and quality; satisfying reenlistment requirements; meeting manpower Category-rating (C-rating) requirements; sustaining equipment fill rates; and achieving equipment mission capable rating goals."

SECTION I: MILITARY PERSONNEL

The foundation of the Department of the Navy's manpower strategy is that personnel reductions must keep pace with force structure drawdowns. This resultant smaller force structure can become unbalanced with a mismatch of properly needed skills for both officer and enlisted personnel; the people in these "overmanned" areas must then be targeted for conversion to other specialties or for early release. Similarly, as our paygrade pyramid shrinks, its shape must remain the same, i.e., junior paygrades must be downsized at the same rate as the senior paygrades.

Both the Navy and Marine Corps desire to protect force readiness in the near term by protecting quality people currently on board, maintain sufficient accession levels to preclude a "hollow force" in the future, manage officer accessions and retention to maintain the correct grade/quality mix, improve recruit quality to reduce attrition and ensure long term readiness, and rebalance the enlisted skill mix using existing force management tools.

The Department of the Navy, where applicable, is drawing down in a controlled, steady manner. Far from focusing solely on reducing end strength numbers, we are committed to replenishing and retaining a core of experienced and well-trained people who will effectively execute our mission now and in the future.

Military Personnel Inventories

Navy

Part I Total Manning

	Programmed Requirement	Budgeted End Strength	Percent Manning	Actual End Strength	Percent Achieved
FY 1995					
Active	445,000	417,200	93.75%	412,600	98.90%
Reserve	117,000	100,700	86.07%	100,600	99.90%
FY 1996					
Active	414,200	407,200	98.31%	N/A	N/A
Reserve	112,400	98,900	87.99%		
FY 1997					
Active	400,000	390,600	97.65%	N/A	N/A
Reserve	109,200	95,900	87.82%		

Data does not include Individual Mobilization Augmentation (IMA) or Individual Account.

Synopsis of Significant Changes

The Navy's programmed manning is oriented toward ensuring that personnel are available to meet the manpower requirements established by force structure. The end strength reflects the decreasing manpower requirements in response to the reduction in force structure.

Exhibit A, Part I

Military Personnel Inventories
Marine Corps
Part I Total Manning

	<u>Programmed Requirement</u>	<u>Budgeted End Strength</u>	<u>Percent Manning</u>	<u>Actual End Strength</u>	<u>Percent Achieved</u>
FY 1995					
Active	159,400	146,421	91.9%	147,060	100.4%
Reserve	41,700	35,900	86.1%	40,900	98.0%
FY 1996					
Active	158,600	146,235	92.2%	N/A	N/A
Reserve	43,400	37,000	85.3%	N/A	N/A
FY 1997					
Active	157,400	145,120	92.2%	N/A	N/A
Reserve	43,500	36,400	83.7%	N/A	N/A

Synopsis of Significant Changes

Includes those Reserve Marines on the Active Reserve Program minus Training Category Pay Group (TCPG) 'F', 'P' and T2P2. The budgeted endstrength does not include IMAs or Individuals.

Exhibit A, Part I

Military Personnel Inventories
Navy
Part II Manning for Tactical Air Forces

	Programmed Requirement	Budgeted End Strength	Percent Manning	Actual End Strength	Percent Achieved
FY 1995					
Active	22,200	22,200	100.00%	20,890	94.10%
Reserve	1,900	1,600	84.21%	1,500	93.75%
FY 1996					
Active	21,500	21,100	98.14%	N/A	N/A
Reserve	1,800	1,800	100.00%		
FY 1997					
Active	20,100	19,900	99.00%	N/A	N/A
Reserve	1,800	1,800	100.00%		

Exhibit A, Part II

Military Personnel Inventories
U.S. Marine Corps
Part II Manning for Tactical Air Forces

	Programmed Requirement	Budgeted End Strength	Percent Manning	Actual End Strength	Percent Achieved
FY 1995					
Active	41,539	36,895	88.8%	36,969	100.2%
Reserve	7,820	6,875	87.9%	6,100	88.7%
FY 1996					
Active	42,543	37,216	87.5%	N/A	N/A
Reserve	7,840	6,910	88.1%	N/A	N/A
FY 1997					
Active	41,948	37,250	88.8%	N/A	N/A
Reserve	7,880	7,010	89.0%	N/A	N/A

Exhibit A, Part II

Military Personnel Inventories
Navy
Part III Manning for Ship Operating Forces

	Programmed Requirement	Budgeted End Strength	Percent Manning	Actual End Strength	Percent Achieved
FY 1995					
Active	254,400	241,300	94.85%	233,800	96.89%
Reserve	73,200	65,800	89.89%	65,800	100.00%
FY 1996					
Active	240,600	225,200	93.60%	N/A	N/A
Reserve	71,000	64,300	90.56%		
FY 1997					
Active	235,100	220,200	93.66%	N/A	N/A
Reserve	68,400	62,100	90.79%		

For various classes of ships which were decommissioned, appropriate manpower adjustments were made to accommodate the reduced number of ships.

Exhibit A, Part III

Military Personnel Inventories
Navy
Part IV Manning for Land Combat Forces

	Programmed Requirement	Budgeted End Strength	Percent Manning	Actual End Strength	Percent Achieved
FY 1995					
Active	5,900	5,700	96.61%	5,040	88.42%
Reserve	2,200	2,200	100.00%	2,100	95.45%
FY 1996					
Active	5,900	5,640	95.59%	N/A	N/A
Reserve	2,200	2,200	100.00%		
FY 1997					
Active	5,880	5,630	95.75%	N/A	N/A
Reserve	2,200	2,200	100.00%		

Exhibit A, Part IV

Military Personnel Inventories
U. S. Marine Corps
Part V Fleet Marine Force Manning

	Programmed Requirement	Budgeted End Strength	Percent Manning	Actual End Strength	Percent Achieved
FY 1995 Active	119,300	106,000	88.9%	109,000	102.8%
FY 1996 Active	119,300	105,800	88.7%	N/A	N/A
FY 1997 Active	118,000	105,000	89.0%	N/A	N/A

Exhibit A, Part V

Budgeted and Actual Military Personnel End Strength by Grade

		Navy	
		FY 1995	FY 1996
			FY 1997
E1-E4			
Budgeted End Strength		187,321	184,986
Actual		183,313	N/A
E5-E9			
Budgeted End Strength		187,879	177,114
Actual		188,357	N/A
Cadets			
Budgeted End Strength		4,000	4,000
Actual		4,159	N/A
Warrant Officers			
Budgeted End Strength		2,303	2,107
Actual		2,249	N/A
01-03			
Budgeted End Strength		37,507	34,104
Actual		34,645	N/A
04-06			
Budgeted End Strength		21,942	21,974
Actual		21,676	N/A
07-10			
Budgeted End Strength		215	215
Actual		218	N/A
Total			
Budgeted End Strength		439,200	424,500
Actual		434,617	N/A

Paygrade fluctuations from FY 1995 to FY 1997 are driven by force structure requirements. Exhibit B

Budgeted and Actual Military Personnel End Strength by Grade

		Naval Reserves	
		FY 1995	FY 1996
			FY 1997
E1-E4			
Budgeted End Strength		32,259	31,505
Actual		31,868	N/A
E5-E9			
Budgeted End Strength		47,616	46,664
Actual		47,959	N/A
Cadets			
Budgeted End Strength		N/A	N/A
Actual		N/A	N/A
Warrant Officers			
Budgeted End Strength		449	443
Actual		445	N/A
01-03			
Budgeted End Strength		10,357	10,288
Actual		10,281	N/A
04-06			
Budgeted End Strength		9,988	9,953
Actual		10,003	N/A
07-10			
Budgeted End Strength		41	41
Actual		41	N/A
Total			
Budgeted End Strength		100,710	98,894
Actual		100,597	N/A

Exhibit B

Budgeted and Actual Military Personnel End Strength by Grade
U.S. Marine Corps

E1-E4		<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>
Budgeted End Strength				
Actual		106,671	106,535	106,534
		108,131	N/A	N/A
E5-E9				
Budgeted End Strength		49,352	49,496	49,488
Actual		48,677	N/A	N/A
Warrant Officers				
Budgeted End Strength		1,769	1,850	1,847
Actual		1,930	N/A	N/A
01-03				
Budgeted End Strength		10,727	10,650	10,650
Actual		10,407	N/A	N/A
04-06				
Budgeted End Strength		5,413	5,424	4,413
Actual		5,426	N/A	N/A
07-10				
Budgeted End Strength		68	68	68
Actual		68	N/A	N/A
Total				
Budgeted End Strength		174,000	174,000	174,000
Actual		174,639	N/A	N/A

Exhibit B

Budgeted and Actual Military Personnel End Strength by Grade
Marine Corps Reserves

	FY 1995	FY 1996	FY 1997
E1-E4			
Budgeted End Strength	26,381	26,821	26,480
Actual	25,554	N/A	N/A
E5-E9			
Budgeted End Strength	10,673	11,140	11,068
Actual	10,738	N/A	N/A
Cadets			
Budgeted End Strength	N/A	N/A	N/A
Actual	N/A	N/A	N/A
Warrant Officers			
Budgeted End Strength	443	498	504
Actual	528	N/A	N/A
01-03			
Budgeted End Strength	1,251	1,348	1,377
Actual	1,391	N/A	N/A
04-06			
Budgeted End Strength	2,242	2,457	2,561
Actual	2,712	N/A	N/A
07-10			
Budgeted End Strength	10	10	10
Actual	10	N/A	N/A
Total			
Budgeted End Strength	41,000	42,274	42,000
Actual	40,933	N/A	N/A

Exhibit B

Section II: MILITARY PERSONNEL ACCESSIONS/REENLISTMENTS

The Department of the Navy's highest priority continues to be the accession and retention of people in the necessary quantity and quality to meet operational requirements. A key element in manning the smaller, more technical combat units of the future is the ability to successfully recruit to requirements for high school diploma graduate and upper mental group enlistees. The Department will need a quality future force because people are as integral to new weapon systems as hardware and must not only be recruited, but retained. Therefore, the Navy and Marine Corps continue to focus on retaining those enlisted and officer personnel whose mission critical skills contribute directly to readiness and whose talents are in shortest supply.

Quality of Active Duty Enlisted Accessions
Navy

	FY 1995		FY 1996	FY 1997
	Estimate	Actual	Estimate	Estimate
Non Prior Service Accessions	50,000	47,435	53,888	53,707
With High School Diploma	95%	95%	95%	95%
Without High School Diploma	5%	5%	5%	5%
Total	50,000	47,435	53,888	53,707
Mental Category I	100%	100%	100%	100%
Mental Category IV	0%	0%	0%	0%
Total	50,000	47,435	53,888	53,707
Subtotal Non Prior Service Accessions	50,000	47,435	53,888	53,707
Prior Service Accessions	2,062	965	2,939	2,000
Total Active Duty Accessions	52,062	48,400	56,827	55,707

Maintaining the quality of enlisted accessions remains an essential element in our plans for the Navy of the 21st century. The insistence for quality continues in response to demands of technology present aboard our ships, submarines, and aircraft. Recruiting quality has become increasingly difficult due to the reduced pool of 17-21 year old males and females and the misperception of the public that the military no longer offers a viable career due to the drawdown.

Exhibit C

Quality of Active Duty Enlisted Accessions
U.S. Marine Corps

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Estimate
Non Prior Service Accessions			
With High School Diploma	31,603	31,389	33,678
Without High School Diploma	910	1,691	1,811
Total	32,513	33,080	35,489
Mental Category I-III	32,493	33,080	35,489
Mental Category IV	20		
Total	32,513	33,080	35,489
Prior Service Accessions**	704	750	750
Total Active Duty Accessions	33,217	33,830	36,239

Synopsis of Significant changes/trends:

* Mental category IV are not routinely authorized; must meet stringent waiver criteria.

** There is no regular prior service accession goal; each request must be staffed through HQMC for approval on a case by case basis.

Exhibit C

Enlisted Accessions
Navy

	Prior Service		Non-Prior Service		Total	
	Goal	Actual	Goal	Actual	Goal	Actual
FY 1995						
Active	2,000	1,294	50,000	46,183	52,000	47,477
Reserve	10,474	12,040	3,186	1,661	13,660	13,701
FY 1996						
Active	2,920	N/A	52,080	N/A	55,000	N/A
Reserve	14,112	N/A	2,688	N/A	16,800	N/A
FY 1997						
Active	2,000	N/A	53,707	N/A	55,707	N/A
Reserve	15,400	N/A	2,933	N/A	18,333	N/A

Navy has reduced new accessions as a major step in our personnel strategy, but end strength targets cannot be met solely through this action.

Exhibit D

Enlisted Accessions
U.S. Marine Corps

	Prior Service		Non-Prior Service		Total	
	Goal	Actual	Goal	Actual	Goal	Actual
FY 1995						
Active	-	704	33,204	32,513	33,204	33,217
Reserve	5,400	4,457	5,412	5,421	10,812	9,878
FY 1996						
Active	750		33,080		33,830	
Reserve	4,400		5,805		10,205	
FY 1997						
Active	750		35,489		36,239	
Reserve	4,400		6,147		10,547	

Exhibit D

Number of Enlisted Reenlistments
Navy

	FY 1995 <u>Budgeted</u>	<u>Actual</u>	FY 1996 <u>Budgeted</u>	FY 1997 <u>Budgeted</u>
First Term	14,798	13,293	11,610	11,957
Career	29,194	28,244	31,788	33,172
Total	43,583	41,537	43,398	45,129
Enlisted First Term Attrition	26,292	27,082	19,085	25,971
Enlisted First Term Retention Rate	36.0	36.4	36.0	36.0

Exhibit E

Number of Enlisted Reenlistments
U.S. Marine Corps

Number of Enlisted Reenlistments
Navy

	FY 1995		FY 1996	FY 1997
	Budgeted	Actual	Budgeted	Budgeted
First Term	4,057	4,061	4,292	4,426
Career *	8,057	7,664	9,225	9,221
Total	12,114	11,725	13,517	13,647
Enlisted First Term Attrition **	13,200	13,228	13,061	13,354
Enlisted First Term Retention Rate	19.4%	19.4%	19.4%	19.8%

* Includes both in-year and out-year reenlistments.

** Enlisted first term attrition are those Marines who separate before their initial obligated service is completed.

Exhibit E

SECTION III: OPERATING TEMPO

Ship operations underway time is budgeted and measured by Ship OPTEMPO. Ship OPTEMPO represents the average number of underway days for ships operating in the deployed (6TH Fleet, 7TH Fleet, and Middle East Force) operating areas and the non-deployed (2ND Fleet and 3RD Fleet) operating areas. Ship OPTEMPO budgeting objectives are set at a level which allows the deployed Fleet forces to meet national commitments and provides sufficient underway time to allow the non-deployed Fleet forces to train and serve as a surge force. Naval Reserve Force ships OPTEMPO is budgeted at 18 days per quarter with the Reserve carrier (CV-67) budgeted at 31 days per quarter.

TACAIR/ASW provides funding for Navy and Marine Corps Tactical Air (TACAIR) and aviation Anti-Submarine Warfare (ASW) forces. Tactical Air squadrons conduct strike operations against a wide range of threats identified in the national strategy and provide long range and local protection against airborne and surface threats. Anti-Submarine Warfare squadrons locate, destroy and provide force protection against sub-surface threats, and conduct maritime surveillance operations. The TACAIR/ASW requirement for active flying hours is based on the number of crews assigned to a squadron. Each crew is funded at a specific level of primary mission readiness (PMR) to achieve the overall active Navy goal of 83% PMR with an additional 2% of PMR achieved through simulator usage. With each active crew flying the hours indicated in Exhibit F, and simulator contribution, Navy and Marine Corps will achieve 85% PMR. FY 1996 and FY 1997 are funded and 89 and 88 percent PMR, respectively, due to increased funding for contingency operations in Bosnia and Southwest Asia. The Navy and Marine Corp Reserve Tactical Air squadrons have an overall PMR goal of 87% PMR with .25% PMR coming from simulators. For Reserve pilots 100% PMR is defined as 150 hours per pilot.

Training Opportunity Indicators (Quantities)
Department of Navy

	FY 1995 Actual	FY 1996 Budgeted	FY 1997 Budgeted
Flying Hours/Crew/Month 1/			
Navy Tactical Air/ASW	24	25	25
Marine Tactical Air	24	27	26
	22	23	22
Navy Reserve Tactical Air/ASW	12.3	12.4	12.4
Marine Corps Reserve Tactical Air	9.6	9.8	9.8
Navy Steaming Days/Quarter			
Deployed Fleets 2/	54.5	57.5	55.0
Nondeployed Fleets	27.6	29.0	27.0
Reserve Fleets	18.0	18.0	18.0
Reserve Carrier	0	31.0	31.0
Marine Corps			
Battalion Field Training Days 3/	4,885	5,125	5,193
Funding in support of the CJCS Exercise Program (\$000) 4/	26,216	5,803	8,381

Synopsis of Significant Changes

1/ Active Flying Hours/Crew/Month increase in FY 1996 and FY 1997 in support of contingency operations in Bosnia and Southwest Asia. FY 1997 reflects fewer hours due to the funding of Bosnia for only one quarter.

2/ FY 1996 and FY 1997 deployed steaming days per quarter reflect contingency operations funded over the baseline deployed operating tempo of 50.5 steaming days per quarter.

3/ Does not include Reconnaissance Companies which were formerly categorized as battalions.

4/ This funding reflects incremental costs and excludes operating tempo costs.

Note: Standard position on Battalion Field Training Days (BFTD); the Marine Corps' historical position has been that BFTD's are an indicator of activity only and not direct indicators of readiness. Also, BFTD's cannot be tied directly to funding levels.

Exhibit F

Strategic Surge Capability
U.S. Marine Corps

The following table displays the amount of pre-positioned stocks afloat and material ashore that could be moved in a 30 day period.

Prepositioned Material

<u>Afloat</u>		<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>
Number of Ships	13	13		13
Short Tons	154,371	154,371	154,371	154,371
<u>Ashore</u>				
Number of Sites	6	6	6	6
Short Tons	26,160	26,160	26,160	26,160

AFLOAT represents the amount of short tons prepositioned on the MPF ships, which can be deployed anywhere in the world within thirty days. Each of the three MPF squadrons can individually support a brigade-sized Marine Air-Ground Task Force (MAGTF) for 30 days of combat operations.

ASHORE represents the amount of short tons prepositioned in Norway, which is governed by a bilateral agreement between the governments of Norway and the United States. A concurrence is required between the governments to activate/remove the equipment which provide thirty days of combat supplies for a Marine Expeditionary Brigade (MEB) - sized Marine Air-Ground Task Force (MAGTF).

Exhibit G

Force Structure

For the ship forces Percentage of Time Free (POTF) measures the amount of time during a fiscal year that ships did not report any critical mission degrading equipment Casualty Reports (CASREPS). Material CASREPS indicate degradations to equipment and systems which can not be repaired in a timely manner by ship's force due to a lack of onboard spares or the inability to effect repairs because of ongoing operations, ship repair capability, or lack of technical expertise. The Navy does not have established goals for POTF. The FY 1996 and FY 1997 projections of POTF are composite values for all surface ships.

For aviation forces, Fully Mission Capable (FMC) is the material condition of an aircraft that can perform all of its missions defined in the Mission Essential Subsystems Matrices for U.S. Navy and U.S. Marine Corps aircraft. Mission Capable (MC) is the material condition of an aircraft that can perform at least one and potentially all of its missions defined in the Mission Essential Subsystems Matrices for U.S. Navy and U.S. Marine Corps aircraft. The calculation of FMC/MC is based on the number of aircraft in reportable status; that is the total inventory less those aircraft in Standard Depot Level Maintenance (SDLM). The difference between FMC/MC rates reported by Navy and Marine Corps is a result of the aircraft mix that is operated by each Service.

Force Structure - Active
Mission Capable Rates
Department of Navy

	FY 1995 Actual	FY 1996 Goal	FY 1997 Goal
Navy			
Tactical/ASW Aircraft			
Fully Mission Capable (FMC)	63.4	56	56
Mission Capable (MC)	72.0	73	73
Marine Corps			
Tactical Aircraft			
Fully Mission Capable (FMC)	71.5	56	56
Mission Capable (MC)	76.8	73	73
Ship Battle Forces (POTF)			
Aircraft Carriers	47.5	72	71
Surface Combatants	53.9	72	71
Amphibious	61.7	72	71
Combat Logistics	56.8	72	71
Mobile Logistics	83.9	72	71
Fleet Support	55.9	72	71
Marine Corps (Note 1)			
Fire Support	90.8	82.0	88.0
Combat Vehicles	87.6	88.3	88.9

POTF: Percent Time Free of C3/C4 Casualty Reports. FY 1996 through FY 1997 values are projections vice specific goals.

Note (1):

a. The Marine Corps does not report combat essential ground equipment as Fully Mission Capable (FMC), therefore, Mission Capable (MC) is the more appropriate measure.

b. Definitions;

"Fire Support" consists of the M198 155mm Howitzer and the M101A1 105mm Towed Howitzer.

"Combat Vehicles" consists of the M1A1 Tank, and the LAV and AAV families.

c. The increase in projected readiness rates for Fire Support in FY 1996 and FY 1997 is due to the M101A1 Howitzers being either removed from the Marine Corps inventory or used for ceremonial purposes.

Exhibit H